

Message Text

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TO AMEMBASSY KUWAIT IMMEDIATE

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FOLLOWING REPEAT SECTO 2016 ACTION TEHRAN INFO
SECSTATE JIDDA CAIRO 27 MAY.

QUOTE

S E C R E T SECTO 02016

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FOR AMBASSADOR HELMS FROM SECRETARY

E.O. 11652: GDS

TAGS: EG, IR, EGEN, EFIN

SUBJ: US-SAUDI-IRANIAN AID TO EGYPT

1. WE HAVE REACHED A POINT IN PREPARATIONS FOR
PRESIDENT'S MEETING WITH PRESIDENT SADAT
WHERE IT IS IMPORTANT TO HAVE FIRM IRANIAN
COMMITMENT TO PARTICIPATE IN US-SAUDI-IRANIAN
COLLABORATION WITH EGYPT TO MEET EGYPT'S PRE-
SENT FOREIGN EXCHANGE SHORTAGE AND TO MATCH
US AND SAUDI PARTICIPATION ON ORDER OF \$250

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MILLION EACH.

2. YOU SHOULD SEE ANSARY AND SHAH AT EARLIEST OPPORTUNITY AND MAKE FOLLOWING POINTS:

A. AS PRESIDENT FORD'S JUNE 1-2 MEETING WITH PRESIDENT SADAT NEARS, SECRETARY KISSINGER FEELS IT IS HELPFUL TO REPORT TO HIM AND MINISTER ANSARY ON THE STATUS OF OUR LATEST CONSULTATIONS TO DEVELOP COLLABORATIVE EFFORT TO HELP MEET EGYPT'S CY 1975 ECONOMIC NEEDS.

B. FOLLOWING ROBINSON'S TALK WITH MINISTER ANSARY IN TEHRAN, THE UNDER SECRETARY HAS VISITED CAIRO TWICE AND HAS BEEN TO SAUDI ARABIA TO TALK WITH SAUDIS.

C. AS RESULT OF THESE CONSULTATIONS, WE BELIEVE EGYPT NEEDS \$800-900 MILLION IN FOREIGN EXCHANGE ASSISTANCE IN CY 1975. EGYPTIANS WOULD LIKE MORE, BUT WE HAVE DISCUSSED WAYS OF REDUCING REQUIREMENTS TO THAT LEVEL.

D. OUR OBJECTIVE, THEREFORE, IS TO HARMONIZE PROGRAMS OF NATIONS MOST INCLINED TO ASSIST SO AS TO DEVELOP MULTILATERAL PACKAGE OF THAT MAGNITUDE. SPECIFICALLY, WE HAVE DISCUSSED WITH SAUDIS EFFORT IN WHICH THREE PRINCIPAL DONORS WOULD JOIN IN MATCHING EACH OTHER IN PROVIDING \$250 MILLION EACH. SAUDIS HAVE AGREED IN PRINCIPLE, AND PRESIDENT IS PREPARED TO RECOMMEND TO CONGRESS US PARTICIPATION AT THAT LEVEL.

E. RECALLING IMPORTANCE ANSARY ATTACHED TO FOLLOWING POINTS, SECRETARY WANTS TO STRESS THAT: (1) EGYPTIAN GOVERNMENT HAS ALREADY BEGUN DISCUSSION WITH WORLD BANK MISSION IN CAIRO OF PROGRAM FOR IMPROVING MANAGEMENT OF ITS FOREIGN EXCHANGE. MC NAMARA HAS AGREED THAT BANK WILL PLAY ADVISORY ROLE AS REQUESTED BY EGYPTIANS. (2) US AND SAUDIS ARE AGREED ON
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IMPORTANCE OF SEEKING EGYPTIAN UNDERSTANDING TO AVOID INDIRECT OR DIRECT REPAYMENT OF EGYPT'S MILITARY DEBTS OR NET REPAYMENT OF CIVIL DEBTS TO MAJOR CREDITORS WITH THE ADDITIONAL AID FUNDS PROVIDED. (3) SAUDIS ARE PREPARED TO MAINTAIN POSTURE WITH EGYPT THAT THREE DONORS WOULD COOPERATE ON BASIS OF MATCHING EFFORT.

F. WE BELIEVE THERE ARE BROADER POLITICAL REASONS FOR COOPERATIVE EFFORT INVOLVING IRAN, SAUDI ARABIA, US AND EGYPT AS NUCLEUS. HOWEVER, WE WOULD ALSO ANTICIPATE INVOLVEMENT OF SOME EUROPEANS - GERMANS HAVE ALREADY APPROACHED US - JAPANESE, KUWAITIS AND SOME OTHER GULF STATES. JAPANESE HAVE FORMALLY AGREED.

G. ALTHOUGH EACH DONOR WILL BE DEALING BILATERALLY WITH EGYPT, IT WOULD BE USEFUL THAT PRESIDENT FORD BE ABLE TO SPEAK WITH PRESIDENT SADAT ON JUNE 1-2 ON BASIS THAT US, SAUDI, AND IRANIAN COMMITMENTS IN PRINCIPLE ARE FIRM. AS HIM AND ANSARY KNOW, ABILITY OF EGYPT'S FRIENDS TO PROVIDE NON-SOVIET BASE OF SUPPORT WILL PLAY IMPORTANT ROLE IN SUSTAINING FUNDAMENTAL REORIENTATION OF EGYPT'S POLICIES AWAY FROM EXCESSIVE DEPENDENCE ON USSR. SECRETARY AND PRESIDENT WOULD, THEREFORE, BE GRATEFUL FOR CONFIRMATION THAT THEY CORRECTLY UNDERSTAND HIM'S EXPRESSED INTENTION IN WASHINGTON THAT HE WOULD AGREE IN PRINCIPLE TO PARTICIPATE. WE WOULD OF COURSE WELCOME IT IF HIM COULD FIND IT POSSIBLE TO MATCH OUR PLANNED CONTRIBUTION OF \$250 MILLION.

3. YOU SHOULD FIND OPPORTUNITY TO EXPLAIN THAT PRECISE PLAN FOR US PARTICIPATION MUST BE HELD IN CONFIDENCE FOR PRESENT BECAUSE OF NEED FOR CONGRESSIONAL CONSULTATION AND FORMAL ADMINISTRATION RECOMMENDATION OF FYL976 AID LEVEL TO CONGRESS. KISSINGER UNQUOTE INGERSOLL

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